

Message Text

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41

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

ERDA-05 FEAE-00 FPC-01 INT-05 SAM-01 OES-03 /121 W

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R 191240Z JUN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2091

INFO AMEMBASSY ANKARA

AMEMBASSY ABU DHABI

AMEMBASSY BANGKOK

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY DOHA

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: EFIN, ETRD, IR, IN, BG, NP, PK, CE

SUBJ: ASIAN CLEARING UNION MEETING IN TEHRAN

1. CENTRAL BANK REPRESENTATIVES FROM INDIA, PAKISTAN, BANGLADESH,
SRI LANKA, AND NEPAL MET WITH THEIR IRANIAN COUNTERPARTS IN TEHRAN
JUNE 15-17 TO DISCUSS THE NEXT STEP IN ESTABLISHMENT OF THE ASIAN

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CLEARING UNION (ACU). ACCORDING TO DR SHAHPUR M SHIRAZI, DIRECTOR
GENERAL FOR INTERNATIONAL AFFAIRS, CENTRAL BANK OF IRAN (CBI), THE
"RULES AND REGULATIONS" FOR THE ACU WERE AGREED UPON. DR SHIRAZI
SAID THE ACU SHOULD BEGIN FUNCTIONING AT ITS TEHRAN HEADQUARTERS

IN OCTOBER OR NOVEMBER. CENTRAL BANK REPRESENTATIVES OF THE MEMBER COUNTRIES WILL HOLD MEETINGS SEMI-ANNUALLY TO REVIEW THE SCHEME. THE NEXT IS SCHEDULED FOR DECEMBER IN COLOMBO.

2. DR SHIRAZI SAID THE MAIN PURPOSE OF THE ACU IS TO INCREASE TRADE BETWEEN THE MEMBER COUNTRIES. EACH MONTH MEMBERS WILL GRANT CREDIT TO EACH OTHER BASED ON ONE-TWELFTH OF THEIR SALES TO THE OTHER COUNTRIES DURING THE PREVIOUS YEAR. THE LINE OF CREDIT WILL BE DENOMINATED IN LOCAL CURRENCY. TRADE ABOVE THE LEVEL OF THE LINE OF CREDIT WILL BE SETTLED IN ANY CONVERTIBLE CURRENCY, BUT THE ACCOUNTING MECHANISM WILL BE A NEW ASIAN MONETARY UNIT (AMU) WHICH WILL HAVE A VALUE EQUIVALENT TO THE IMF SPECIAL DRAWING RIGHT (SDR). NEITHER TRADE IN OIL NOR NATURAL GAS WOULD BE COVERED UNDER THE SCHEME, AND DR SHIRAZI SAID THE SYSTEM WOULD BE "COMPLETELY OPEN" PERMITTING ANY MEMBER COUNTRY TO EXEMPT ANY COMMODITY IT WISHES FROM BEING COVERED UNDER THE ACU.

3. DR SHIRAZI DESCRIBED FUNCTIONING OF THE SYSTEM AS SIMILAR TO THAT PREVAILING BETWEEN THE THREE REGIONAL COOPERATION FOR DEVELOPMENT (RCD) COUNTRIES (IRAN, TURKEY, PAKISTAN). HE SAID THE ACU HEADQUARTERS WOULD NOT BE PART OF THE CENTRAL BANK OF IRAN BUT WOULD BE WATCHED OVER BY CBI DIRECTOR GENERAL FOR RESEARCH DR CYRUS TOWFIGH. AT THE START, THE ACU OFFICE WOULD CONSIST OF TWO ACCOUNTANTS AND TWO SECRETARIES.

4. COMMENT: EXCEPT AS A MINOR BOOST TO ITS PRESTIGE IN THE AREA, THE ASIAN CLEARING UNION SEEMS TO BE OF LITTLE IMPORTANCE TO IRAN. SOME MONTHS AGO DR AHMAD KOOROS, UNDER SECRETARY FOR ECONOMIC AFFAIRS, MINISTRY OF ECONOMIC AFFAIRS AND FINANCE, TOLD EMBOFF, "IT WON'T AMOUNT TO ANYTHING". NONE OF THE SOUTH ASIAN COUNTRIES IS AMONG IRAN'S MAJOR TRADING PARTNERS. IRAN PROBABLY WILL NOT-ICEABLE INCREASE ITS PURCHASES FROM THE AREA, ESPECIALLY OF RAW MATERIALS (IRON ORE) FROM INDIA, OVER THE NEXT FEW YEARS, BUT ITS CHANCES OF SUBSTANTIALLY INCREASING ITS NON-OIL EXPORTS TO THE SUBCONTINENT SEEM REMOTE. WHILE DR SHIRAZI MADE NO INDICATION THAT THE AMU SHOULD BE THOUGHT OF AS ANYTHING MORE THAN AN ACCOUNTING MECHANISM, WE NOTE THAT PEGGING ITS VALUE TO THE SDR FOLLOWS THE LIMITED OFFICIAL USE
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PRECEDENT SET BY THE GULF MONETARY UNIT (ABU DHABI 1276).
HELMS

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ABU DHABI
BANGKOK
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ISLAMABAD
JIDDA
KABUL
KATHMANDU
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